

<b>Subject:</b>	Internal Audit Annual Report for the year ended 31 <sup>st</sup> March 2017	<b>Status:</b>	For Publication
<b>Report to:</b>	Audit and Accounts Committee	<b>Date:</b>	27 <sup>th</sup> June 2017
<b>Report of:</b>	Head of Internal Audit	<b>Portfolio Holder:</b>	Resources and Customers
<b>Key Decision:</b>	<input type="checkbox"/> Forward Plan <input type="checkbox"/>	<b>General Exception</b>	<input type="checkbox"/> <b>Special Urgency</b> <input type="checkbox"/>
<b>Equality Impact Assessment:</b>	Required:	No	Attached: No
<b>Biodiversity Impact Assessment</b>	Required:	No	Attached: No
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1.	<b>RECOMMENDATION(S)</b>
1.1	The committee are asked to consider the internal audit annual report for the year ended 31 March 2017.

## 2. PURPOSE OF REPORT

- 2.1 The Audit and Accounts Committee's terms of reference require it to advise the Council on the planned activity and results of internal audit. The Committee will, on a periodic basis, consider the head of internal audits annual opinion and report.

## 3. CORPORATE PRIORITIES

- 3.1 The matters discussed in this report impact directly on the following corporate priorities:
- **Regenerating Rossendale:** This priority focuses on regeneration in its broadest sense, so it means supporting communities that get on well together, attracting sustainable investment, promoting Rossendale, as well as working as an enabler to promote the physical regeneration of Rossendale.
  - **Responsive Value for Money Services:** This priority is about the Council working collaboratively, being a provider, procurer and a commissioner of services that are efficient and that meet the needs of local people.
  - **Clean Green Rossendale:** This priority focuses on clean streets and town centres and well managed open spaces, whilst recognising that the Council has to work with communities and as a partner to deliver this ambition.

## 4. RISK ASSESSMENT IMPLICATIONS

- 4.1 All the issues raised and the recommendation(s) in this report involve risk considerations as set out below:
- Failure to comply with the Public Sector Internal Audit Standards issued by the Chartered Institute of Public Finance and Accountancy (CIPFA) would undermine the ability to provide the Council with the necessary level of assurance in relation to their governance, risk management and internal control arrangements;
  - The report enables the Leader and Chief Executive to report in the Annual Governance Statement.

## 5. BACKGROUND AND OPTIONS

- 5.1 The Chartered Institute of Public Finance and Accountancy (CIPFA) is the relevant standard setter for internal audit in local government in the United Kingdom. CIPFA has published Public Sector Internal Audit Standards ('PSIAS'), which encompass the mandatory elements

of the Global Institute of Internal Auditors' International Professional Practices Framework, including its Definition of Internal Auditing, Code of Ethics, and its International Standards for the Professional Practice of Internal Auditing. These documents are therefore mandatory for internal audit in local government in the United Kingdom, and they are supplemented within PSIAS by additional public sector interpretation and guidance. CIPFA has also published a Local Government Advisory Note setting out sector-specific requirements for local government within the United Kingdom.

- 5.2 The Internal Audit Service therefore operates in accordance with this mandatory definition, code, standards and advice.
- 5.3 The Annual Report of the head of internal audit meets these requirements and is attached in Appendix A.

**COMMENTS FROM STATUTORY OFFICERS:**

**6. SECTION 151 OFFICER**

- 6.1 Any financial implications arising are noted in the report.

**7. MONITORING OFFICER**

- 7.1 Any legal implications are commented upon in the report.

**8. POLICY IMPLICATIONS AND CONSULTATION CARRIED OUT**

- 8.1 Any policy implications are commented upon in the report.

**9. CONCLUSION**

- 9.1 The Annual Report provides an independent and objective opinion on the adequacy of the Council's systems of governance, risk management and internal control.
- 9.2 On the basis of our programme of work for the year, I can provide limited assurance overall over the council's governance, risk management and internal control arrangements for 2016/17.
- 9.3 In reaching this opinion we acknowledge the positive impact of the council's activity to implement its Improvement Plan, following the issues with the Empty Homes Programme, and the council has made good progress in embedding improvements into its standard business processes. We gave substantial or full assurances for the generally sound systems of internal control operating over most of the transactional systems.
- 9.4 The overall opinion has been informed by findings from audits designed to give assurance over the Improvement Plan. These covered key corporate systems and processes which inform corporate governance and impact directly on the council's ability to oversee, scrutinise and challenge. Our assurance opinions for these audits therefore have a significant impact on our overall assurance opinion. We have given limited assurance over compliance with procurement policy and risk management, based on the need for improved compliance with established policy in these critical corporate systems. We gave substantial assurance over performance management and we are currently drafting our report on decision making and democratic oversight.

No background papers